

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Approval of Minutes December 5, 2002,
And January 23, 2003

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 6, 2003

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the December 5, 2002. The minutes of January 23, 2003 were not available at the time of mailing, but will be provided at the meeting.

PROPOSED
MINUTES OF THE
TEACHERS' RETIREMENT BOARD
OPEN SESSION
THURSDAY, DECEMBER 5, 2002
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA 95826

BOARD MEMBERS PRESENT

Gary Lynes, Chairperson

Paul Krasnow

Karen Russell

Jay Schenirer

Carolyn Widener

Annette Porini, representing the Director of Finance, B. Timothy Gage

Louis Willhoit, representing the State Controller, Kathleen Connell

John Hiber, representing the State Treasurer, Philip Angelides

Duwayne Brooks, representing the Superintendent of Public Instruction, Delaine Eastin

STAFF PRESENT

Jack Ehnes, Chief Executive Officer

Christopher Ailman, Chief Investment Officer

Christopher Waddell, Chief Counsel

Peggy Plett, DCEO, Administration and Client Benefits and Services

Ed Derman, DCEO, External Affairs and Program Development

Bill Hobbs, Acting DCEO, Enterprise Initiatives and Technology

Laurence Martin, Facilities Management, Planning and Services

Rick Reed, System Actuary

Kathleen Evans, Manager, Quality and Training Services

Kathy Bristow, Analyst, Quality and Training Services

Mary Miles, Administrative Assistant

OTHERS PRESENT

Loretta Toggenburger, UTLA- R

Beverly Carlson, CTA

Jonathan Lightman, FACCC

Michael R. Green, CTA

Zoe Anne Murray, CRTA

Jim Knapp, Elk Grove USD

Dorothy Moser, CTA/NEA-R

Lois Shive, CTA

Steve DePue, CTA

Malcolm Tucker, CRTA

Pat Geyer, CRTA

A quorum being present, Chairperson Lynes called the meeting to order at 9:45 a.m.

II. **APPROVAL OF MINUTES OF NOVEMBER 7, 2002**

MOTION duly made by Ms. Russell, seconded by Mr. Willhoit, and carried to approve the minutes of the November 7, 2002.

III. **ANNOUNCEMENTS**

Chairperson Lynes thanked Dr. Connell for all her support for the past eight years as a member of the Board and Chair of the Health Benefits Committee and announced that Ms. Widener had been appointed Chair of the Health Benefits Committee. Chairperson Lynes also thanked the Delaine Eastin for her service over the past eight years and for the quality of her representatives.

IV. **COMMITTEE REPORTS**

INVESTMENT COMMITTEE: Mr. Lynes, Chairperson of the Investment Committee, reported that the Committee revised policies on Credit Enhancement and Currency Hedging, accepted the Responsible Contractor Policy, and received a report from the Subcommittee on Corporate Governance. The Committee deferred the item on Real Estate Consultant Contract to February with a request for additional information. The Committee started the process of analyzing real estate benchmarks, received monthly status reports on Credit Enhancements, Alternative Investments, and Real Estate, and received the report of the Chief Investment Officer.

BY CONSENSUS, the Report of the Investment Committee was accepted.

HEALTH BENEFITS COMMITTEE: Mr. Willhoit, reporting for the Chairperson of the Health Benefits Committee, reported the Committee received a Medicare Premium Payment Program update and a report on recent school employer experience in health care with two panelists, Jim Knapp, and Lois Shive sharing first hand experiences in securing health care benefits for teachers.

BY CONSENSUS, the report of the Health Benefits Committee was accepted.

BENEFITS AND SERVICES COMMITTEE: Ms. Russell, Chairperson of the Benefits and Services Committee, reported the Committee adopted the Terms and Conditions for Intraplan Transfers under Chapter 802 Statutes of 2001 (SB 499), received a report on Client Advisory Committee, reviewed the Level of Service Standards, and heard a presentation on the Survivor Benefits Program. The Committee also heard a virtual presentation on the CitiStreet Advisory Services and adopted the draft agenda for the February agenda.

BY CONSENSUS, the report of the Benefits and Services Committee was accepted.

V. **CHIEF EXECUTIVE OFFICER REPORT**

Mr. Ehnes provided an update on the organizational realignments and reported the System currently has 612 positions with 123 vacant positions, and recent freeze exemption approvals by the Department of Finance (27 positions in October and 31 positions in December) would bring the vacancy rate down to 11 percent. Mr. Ehnes reported staff was developing change management training for managers and employees, and starting a process of developing a strategy to provide comprehensive education over the member's entire career.

VI. **UPDATE ON LEGISLATION**

STATE: Mr. Derman presented proposed changes to the Board's Policy on Legislation.

MOTION duly made by Ms. Widener, seconded by Ms. Russell, and carried to approve the changes to the Board Policy on Legislation as presented. Ms. Porini abstained.

Mr. Derman presented the following legislative proposals for the Board's consideration:

03-01: Continuous Appropriation Authority

MOTION duly made by Mr. Krasnow, seconded by Ms. Russell, to approve the proposed legislation 03-01: Continuous Appropriation Authority. Ms. Porini abstained.

ROLL CALL:

Paul Krasnow	Yes
Karen Russell	Yes
Jay Schenirer	Yes
Carolyn Widener	Yes
Annette Porini for the Director of Department of Finance	Abstain
John Hiber for the State Treasurer	Yes
Louis Willhoit for the State Controller	Abstain
Duwayne Brooks, for the Superintendent Of Public Instruction	Yes

Motion carried with a vote of six yes, two abstentions.

03-02: Classified Employees as Participants in the Cash Balance Benefit Program.

MOTION duly made by Ms. Widener, seconded by Mr. Brooks, and carried to approve proposed legislation 03-02: Classified Employees as Participants in the Cash Balance Benefit Program. Ms. Porini abstained.

Mr. Derman requested the Board approval technical changes to the Board Elections Bill.

MOTION duly made by Ms. Widener, seconded by Ms. Russell, and carried to approve the technical changes to the Board Election Bill. Ms. Porini and Mr. Willhoit abstained.

FEDERAL: Mr. Derman had no information to add.

VII. **TRAVEL**

MOTION duly made by Ms. Widener, seconded by Mr. Krasnow, and carried to approve the proposed staff travel. Mr. Hiber voted no.

MOTION duly made by Ms. Widener, seconded by Mr. Schenirer, and carried to approve the travel summaries as presented.

VIII. **ACTUARIAL CONTRACT AWARD**

Mr. Reed presented this item.

MOTION duly made by Ms. Porini, seconded by Ms. Russell, and carried to approve the award of the actuarial contract to Milliman USA as the CalSTRS Consulting Actuary for the period covering January 1, 2003 through December 31, 2006.

IX. **BRIEFING ON THE VOICE OF THE CUSTOMER PROJECT: GOALS, OBJECTIVES, STATUS**

Ms. Evans presented this item. Chairperson Lynes requested an update on this Project in six months.

X. **BRIEFING ON CUSTOMER SERVICE TRAINING – A KEY STRATEGY IN SUPPORT OF CUSTOMER SERVICE**

Ms. Bristow presented this item.

XI. **DRAFT AGENDA FOR THE FEBRUARY REGULAR MEETING**

Mr. Ehnes stated he would be discussing the strategic plan at the next meeting.

XII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

Ms. Zoe Ann Murray, asked the Board keep in mind the question of equity when talking about the great programs offered by the System as it relates to those who retired prior to 1998 since the difference amounts to \$1,000 a month in their benefit.

Ms. Moser, CTA/NEA-R, wanted to remind the Board to work for the equity for all teachers, including those who retired before 1999, and the erosion of purchasing power which is down to 80 percent when it should be maintaining 100 percent.

XIII. **MOVED TO CLOSED SESSION**

Chairperson Lynes moved into closed session at 11:40 a.m.

XIV. **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 12:17 p.m.

Jack Ehnes, Chief Executive Officer
And Secretary to the Teachers' Retirement Board

Gary Lynes, Chairperson